

**SOUTHEASTERN LOUISIANA  
AREA HEALTH EDUCATION CENTER  
FOUNDATION**

Audit of Financial Statements

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-17-07

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## **Independent Auditor's Report**

To the Board of Directors  
Southeastern Louisiana Area  
Health Education Center Foundation

We have audited the accompanying statement of financial position of Southeastern Louisiana Area Health Education Center Foundation (the Foundation) as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana Area Health Education Center Foundation as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2006, on our consideration of Southeastern Louisiana Area Health Education Center Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Southeastern Louisiana Area Health Education Center Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information in Schedules I through III, is presented for purposes of additional information and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

December 13, 2006

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
Statement of Financial Position  
June 30, 2006**

**Assets**

Cash and Cash Equivalents	\$ 422,067
Due from LSUMC	121,234
Grants Receivable	325,963
Other Receivables	47,306
Prepaid Expenses	4,249
Deposits	300
Property, Equipment and Furniture, Net	<u>26,703</u>

<b>Total Assets</b>	<b>\$ 947,822</b>
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**Liabilities**

Accounts Payable	\$ 383,490
Deferred Revenue	115,495
Line of Credit	<u>120,000</u>

<b>Total Liabilities</b>	<b><u>618,985</u></b>
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**Commitments**

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**Net Assets**

Unrestricted - Designated for Future Expenditures	<u>328,837</u>
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<b>Total Liabilities and Net Assets</b>	<b><u>\$ 947,822</u></b>
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The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**  
Statement of Activities  
Year Ended June 30, 2006

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**Unrestricted Net Assets**

**Support and Revenue**

Cooperative Endeavor with LSUMC - State Portion	\$ 447,098
Cooperative Endeavor with LSUMC - Federal Portion	61,941
Federal Grant Revenue	2,755,236
Grant Revenue - State and Private	160,943
Interest Income	12,036
Continuing Education Revenue	15,530
Other	159,866

<b>Total Unrestricted Support and Revenue</b>	<b>3,612,650</b>
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**Expenses**

**Program Services**

Rural Health Outreach Services	1,138,459
Rural Health Loan Program	525,983
Rural AIDS Prevention	62,889
Genetic Research Grant	284,447
Educational and Recruitment Programs	48,912
Learning Resource Center	1,622
Rent	14,477
Contractual	31,083
Interest	7,174
Other Programs	1,447,090
Program Management	276,097

<b>Total Program Services</b>	<b>3,838,233</b>
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**Supporting Services**

General and Administrative	373,451
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<b>Total Supporting Services</b>	<b>373,451</b>
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<b>Total Expenses</b>	<b>4,211,684</b>
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(Decrease) in Unrestricted Net Assets	(599,034)
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Unrestricted Net Assets, Beginning of Year	927,871
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Unrestricted Net Assets, End of Year	\$ 328,837
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The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**  
Statement of Cash Flows  
Year Ended June 30, 2006

<b>Cash Flows from Operating Activities</b>	
Decrease in Unrestricted Net Assets	\$ (599,034)
Adjustments to Reconcile Decrease in Unrestricted Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	21,900
(Increase) in Due from LSUMC	(96,945)
(Increase) in Grant Receivable	(35,685)
Decrease in Other Receivables	26,614
(Increase) in Loans Receivable	(123,642)
(Increase) in Prepaid Expenses	(3,595)
Increase in Accounts Payable	176,955
Increase in Deferred Revenue	108,300
Non-Cash Expense (Donation to LRHSC)	579,970
<b>Net Cash Provided by Operating Activities</b>	<b>54,838</b>
<b>Cash Flows from Investing Activities</b>	
Purchase of Property, Plant and Equipment	(20,619)
Decrease in Restricted Cash	-
Decrease in Certificates of Deposit	76,465
<b>Net Cash Provided by Investing Activities</b>	<b>55,846</b>
<b>Cash Flows from Financing Activities</b>	
Payments on Notes Payable	(7,245)
Proceeds from Line of Credit, Net	120,000
<b>Net Cash Provided by Financing Activities</b>	<b>112,755</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>223,439</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>198,628</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 422,067</b>
<b>Supplemental Disclosure</b>	
Cash Paid for Interest	\$ 7,174
<b>Noncash Investing and Financing Activities</b>	
Transfer of Building to LRHSC	\$ (332,728)
Transfer of Debt Related to Building to LRHSC	240,951
Transfer of Certificates of Deposit to LRHSC	(278,441)
Transfer of Restricted Cash to LRHSC	(370,063)
Transfer of Notes Receivable to LRHSC	(514,689)
Transfer of Notes Payable to LRHSC	800,000
Transfer of Due from LPHI to LRHSC	(125,000)
<b>Net Noncash Donation to LRHSC</b>	<b>\$ (679,970)</b>

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

**Organization**

Southeastern Louisiana Area Health Education Center Foundation (the Foundation) is a Louisiana nonprofit organization chartered on June 22, 1989. Its purpose is to operate an area health education center in southeastern Louisiana, in order to plan for additional clinical educational opportunities in rural and underserved communities.

**Federal Income Taxes**

The Foundation is exempt from federal income Tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

**Basis of Accounting**

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2006, there are no temporarily or permanently restricted net assets.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.



**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Donated Goods and Services**

Under SFAS No. 116, organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

**Revenue and Expenses**

Support for the Foundation is provided primarily by the Louisiana State University and Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center (LSUMC), and by federal grants received either directly from federal agencies or passed through state and local governmental agencies.

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget, which has been adopted and made a part of the cooperative endeavor with LSUMC. The Foundation is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement.

For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as allowable expenditures are incurred.

**Property, Equipment and Furniture**

Effective with the October 1, 1994 cooperative endeavor between LSUMC and the Foundation, title to equipment purchased with these funds is to remain with the Foundation. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 2006, has been capitalized and recorded in the Statement of Financial Position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the Statement of Financial Position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and building improvements - 30 years, furniture and equipment - 5 to 7 years.

**Cash Flow Information**

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Foundation did not make any cash payments for income taxes during the year ended June 30, 2006.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Economic Dependency**

Support for the Foundation is provided primarily by appropriations from the Louisiana State Legislature via a cooperative endeavor with the Louisiana State University Medical Center. The Foundation also receives grants through federal and state agencies. The continued operations of the Foundation are dependent upon the renewal by these funding sources.

**Advertising Costs**

Advertising costs are expensed as incurred. There were no advertising expenses for the year.

**Note 2. Rural Loan Program**

Effective January 1, 2006, the Foundation transferred all assets and liabilities associated with the Rural Loan Program to the Louisiana Rural Health Services Corporation (LRHSC).

These assets and liabilities consisted of the following:

Cash	\$	34,869
Notes Receivable		514,689
Cash - Restricted		370,063
Certificates of Deposit		278,441
Notes Payable Due to Louisiana Public Facilities Authority		(800,000)
Due from LPHI		<u>125,000</u>
Net Contribution to LRHSC	\$	<u>523,062</u>

The Rural Loan Program was established to assist rural health clinics and hospitals in obtaining necessary equipment and facilities to enhance their ability to provide high-quality health care to residents in rural areas within the state of Louisiana.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**Notes to Financial Statements**

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**Note 3. Loans Receivable**

As described in Note 2, effective January 1, 2006, the Foundation transferred all of its assets and liabilities associated with the Rural Loan Fund Program. These assets included notes receivable due from rural community health clinics and hospitals.

**Note 4. Property, Equipment and Furniture**

As of June 30, 2006, property, equipment and furniture consist of the following:

Office Equipment	\$ 109,616
Office Furniture	<u>28,892</u>
	138,508
Less: Accumulated Depreciation	<u>111,805</u>
	<u>\$ 26,703</u>

All capitalized assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2006, totaled \$21,900.

**Note 5. Notes Payable**

The Foundation purchased a building during the year ended June 30, 2003, and entered into a note payable agreement in order to finance the purchase. The agreement was entered into on May 28, 2003. The loan calls for 59 monthly payments of \$2,403, beginning on July 1, 2003, and one final payment of \$220,480, due on the maturity date of June 1, 2007. The loan bears interest at 5.75%. Interest expense incurred for the current year was \$7,174.

Effective January 1, 2006, the building and the related note payable were transferred to LRHSC.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**Notes to Financial Statements**

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**Note 5. Notes Payable (Continued)**

As described in Note 2, effective January 1, 2006, the Foundation transferred all of the assets and liabilities associated with the Rural Loan Fund Program. The liabilities included non-interest bearing notes payable due to the Louisiana Public Facilities Authority totaling \$800,000.

As of June 30, 2006, the Foundation had \$120,000 outstanding on a line of credit.

**Note 6. Retirement Plan**

The Foundation established an employer sponsored 403(b) Annuity Plan (the Plan) effective October 1, 1990, to provide retirement benefits for employees of the Foundation and the payment of benefits to employees and their beneficiaries. The Foundation's contribution was 7% of the employees' salaries during the year ended June 30, 2006. Additionally, an amount determined by resolution of the Board of Directors of the Foundation may be contributed to the Plan. The contribution to the Plan for June 30, 2006, amounted to \$72,354.

**Note 7. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 8. Concentration of Risk**

At June 30, 2006, the Foundation had funds deposited in financial institutions in excess of the \$100,000 FDIC guaranteed limits.

**Note 9. Commitments and Contingencies**

**Operating Lease**

Effective January 1, 2006, the Foundation began leasing the building it transferred to LRHSC (as mentioned in Note 5) on a month to month basis. The Foundation pays a monthly rent of \$2,403 to LRHSC. Total rent expense for the year ended June 30, 2006 totaled \$14,477.

## **SUPPLEMENTARY INFORMATION**

SOUTHEASTERN LOUISIANA AREA  
HEALTH EDUCATION CENTER FOUNDATION  
Supplementary Information  
Combining Schedule of Assets, Liabilities and Net Assets  
Year Ended June 30, 2006

	LSUMC Funding	DELTA Program	Rural Health Loan Program	Rural AIDS Prevention Program	Genetic Research Grant	Other Programs	Plant Fund	Totals
<b>Assets</b>								
Cash and Cash Equivalents	\$ 100,446	\$ 321,233	\$ -	\$ -	\$ 388	\$ -	\$ -	\$ 422,067
Due from LSUMC	60,501	5,755	-	-	54,978	-	-	121,234
Grants Receivable	-	-	-	12,472	-	313,491	-	325,963
Other Receivables	34,965	-	-	-	-	12,341	-	47,306
Due from Other Programs	185,494	-	-	-	-	-	-	185,494
Prepaid Expenses	-	-	-	-	-	4,249	-	4,249
Deposits	300	-	-	-	-	-	-	300
Property, Equipment and Furniture, Net	-	-	-	-	-	-	26,703	26,703
<b>Total Assets</b>	<b>\$ 381,706</b>	<b>\$ 326,988</b>	<b>\$ -</b>	<b>\$ 12,472</b>	<b>\$ 55,366</b>	<b>\$ 330,081</b>	<b>\$ 26,703</b>	<b>\$ 1,133,316</b>
<b>Liabilities</b>								
Accounts Payable	\$ 77,128	\$ 232,348	\$ -	\$ 963	\$ 43,681	\$ 29,370	\$ -	\$ 383,490
Deferred Revenue	-	94,640	-	-	7,014	13,841	-	115,495
Line of Credit Payable	-	-	-	-	-	120,000	-	120,000
Due to Other Programs	-	-	-	11,509	-	173,985	-	185,494
<b>Total Liabilities</b>	<b>77,128</b>	<b>326,988</b>	<b>-</b>	<b>12,472</b>	<b>50,695</b>	<b>337,196</b>	<b>-</b>	<b>804,479</b>
<b>Net Assets</b>								
Unrestricted - Designated for Future Expenditures	304,578	-	-	-	4,671	(7,115)	26,703	328,837
<b>Total Liabilities and Net Assets</b>	<b>\$ 381,706</b>	<b>\$ 326,988</b>	<b>\$ -</b>	<b>\$ 12,472</b>	<b>\$ 55,366</b>	<b>\$ 330,081</b>	<b>\$ 26,703</b>	<b>\$ 1,133,316</b>

See independent auditor's report.

SOUTHEASTERN LOUISIANA AREA  
HEALTH EDUCATION CENTER FOUNDATION  
Supplementary Information  
Combining Schedule of Support, Revenue, Expenses and Changes in Net Assets  
Year Ended June 30, 2006

	LSUMC Funding	DELTA Program	Rural Health Loan Program	Rural AIDS Prevention Program	Genetic Research Grant	Other Programs	Plant Fund	Totals
<b>Support and Revenue</b>								
Cooperative Endeavor with LSUMC - State Portion	\$ 447,098	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 447,098
Cooperative Endeavor with LSUMC - Federal Portion	61,941	-	-	-	-	-	-	61,941
Federal Grant Revenue	-	1,138,459	-	62,889	287,447	1,266,441	-	2,755,236
Grant Revenue - State and Private	-	-	-	-	-	160,943	-	160,943
Interest Income	1,874	-	10,359	-	3	-	-	12,036
Continuing Education Revenue	15,530	-	-	-	-	-	-	15,530
Other	146,875	-	650	-	-	12,341	-	159,866
<b>Total Support and Revenue</b>	<b>673,118</b>	<b>1,138,459</b>	<b>11,009</b>	<b>62,889</b>	<b>287,450</b>	<b>1,439,725</b>	<b>-</b>	<b>3,612,650</b>
<b>Expenses</b>								
Salaries and Related Benefits	318,963	204,168	-	49,896	187,214	980,098	-	1,740,339
Supplies and Maintenance	76,720	16,732	1,591	960	2,012	56,507	-	154,522
Equipment Expense	6,419	13,673	-	-	-	700	-	20,792
Rent	14,477	-	-	2,200	-	50,750	-	67,427
Utilities	31,137	-	-	1,335	-	44,003	-	76,475
Travel	21,783	20,523	-	6,181	947	81,872	-	131,306
Library	1,622	-	-	-	-	1,622	-	3,244
Contractual	31,083	827,941	-	-	-	12,140	-	871,164
Professional Costs	33,184	6,316	-	860	10,060	15,671	-	66,091
Legal Expenses	60	-	-	-	-	2,920	-	2,980
Programs	48,912	-	-	-	-	-	-	48,912
Dues and Conferences	5,652	2,009	-	-	-	522	-	8,183
Depreciation	6,050	-	-	-	-	-	-	6,050
Interest	7,174	-	-	-	-	-	-	7,174
Donation to LRHSC	91,777	-	523,062	-	-	-	-	614,839
Other	41,953	47,097	1,330	1,457	84,214	201,907	-	377,958
<b>Total Expenses</b>	<b>736,966</b>	<b>1,138,459</b>	<b>525,983</b>	<b>62,889</b>	<b>284,447</b>	<b>1,447,090</b>	<b>15,850</b>	<b>4,211,684</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(63,848)</b>	<b>-</b>	<b>(514,974)</b>	<b>-</b>	<b>3,003</b>	<b>(7,365)</b>	<b>(15,850)</b>	<b>(599,034)</b>
<b>Net Assets, Beginning of Year</b>	<b>389,045</b>	<b>-</b>	<b>514,974</b>	<b>-</b>	<b>1,868</b>	<b>250</b>	<b>21,934</b>	<b>927,871</b>
<b>Other Changes in Net Assets</b>	<b>(20,619)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,619</b>	<b>-</b>
<b>Fixed Asset Acquisitions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets, End of Year</b>	<b>\$ 304,578</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,871</b>	<b>\$ (7,115)</b>	<b>\$ 28,703</b>	<b>\$ 328,837</b>

See independent auditor's report.

**SOUTHEASTERN LOUISIANA AREA  
HEALTH EDUCATION CENTER FOUNDATION  
Supplementary Information  
Allocation of Program Management and General  
and Administrative Expenses  
Year Ended June 30, 2006**

<b>Expense Description</b>	<b>Allocation</b>		<b>Amount</b>
	<b>Program Management</b>	<b>General and Administrative</b>	
Salaries and Related Benefits	\$ 157,887	\$ 161,076	\$ 318,963
Supplies and Maintenance	37,976	38,744	76,720
Professional Costs	16,426	16,758	33,184
Depreciation	10,841	11,060	21,900
Travel	10,783	11,000	21,783
Dues and Conferences	2,798	2,854	5,652
Utilities	15,413	15,724	31,137
Equipment Expense	3,177	3,242	6,419
Legal Expenses	30	30	60
Contribution to LRHSC	-	91,777	91,777
Other	20,767	21,186	41,953
<b>Totals</b>	<b>\$ 276,097</b>	<b>\$ 373,451</b>	<b>\$ 649,548</b>

See independent auditor's report.



**OMB CIRCULAR A-133 SECTION**

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2006

<u>Pass-through Grantor/ Disbursements Program Title</u>	<u>Federal Grantor/ CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Revenue Recognized</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
Direct Award:				
Rural Health Outreach	93.912	N/A	\$ 1,138,459	\$ 1,138,459
Passed-through Louisiana State University Medical Center:				
Area Health Education Centers - Model Programs	93.107	None	61,941	61,941
Passed-through City of New Orleans - Office of Health Policy:				
Ryan White Comprehensive AIDS Resources Emergency Act of 1990 - Title I	93.914	98OHP0014C	252,089	252,089
Passed-through Louisiana Department of Health and Hospitals:				
Rural AIDS Prevention Program Region IX	93.940	14547/16716	62,889	62,889
Genetic Research Grant	93.912	1D04 RH 00136-01	<u>287,447</u>	<u>287,447</u>
Subtotal - U.S. Department of Health and Human Services			<u>1,802,825</u>	<u>1,802,825</u>

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2006**

<b>Federal Grantor/ Pass-through Grantor/ Disbursements Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Federal Revenue Recognized</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Education</u></b>				
Passed-through Louisiana Department of Health and Hospitals:				
Children's Special Health Services	84.181	623382	142,359	142,359
Children's Special Health Services	84.181	610292	<u>871,993</u>	<u>871,993</u>
Subtotal - U.S. Department of Education			<u>1,014,352</u>	<u>1,014,352</u>
Total			<u>\$2,817,177</u>	<u>\$2,817,177</u>
Reconciliation				
Cooperative Endeavor with LSUMC – Federal Portion			\$ 61,941	
Federal Grant Revenue			<u>2,755,236</u>	
			<u>\$2,817,177</u>	

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
Year Ended June 30, 2006**

**Notes to Schedule of Expenditures of Federal Awards**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the grant activity of Southeastern Louisiana Area Health Education Center Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Southeastern Louisiana Area  
Health Education Center Foundation

We have audited the financial statements of Southeastern Louisiana Area Health Education Center Foundation (the Foundation), a nonprofit organization, as of and for the year ended June 30, 2006, and have issued our report thereon dated December 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*LaBite, LeBlanc, Long & Neal*

A Professional Accounting Corporation

December 13, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Southeastern Louisiana Area  
Health Education Center Foundation

**Compliance**

We have audited the compliance of Southeastern Louisiana Area Health Education Center Foundation (the Foundation), a nonprofit organization, with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

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### Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

December 13, 2006



**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006**

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**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No reportable conditions relating to the audit of the financial statements of the Foundation were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the Foundation were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Foundation are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Rural Health Outreach	93.912
Children' Special Health Services	84.181
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Foundation was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None